



International Agricultural Trade Report

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Prospects for US Corn Exports Looking Up?

Summary

China's corn production shortfall could affect its export program and raise U.S. export prospects.

A Production Shortfall

After two years of record production, evidence is growing that China's corn crop will fall well short of estimated domestic demand. Less area was planted after the government reduced its procurement price, and some farmers even abandoned their corn early on in favor of more drought resistant and profitable crops. Hot, dry weather has reportedly reduced yields, and analysts and traders are now predicting the crop could be down 15% year to year.

Rising Demand and Prices Could Reduce Exports

Increasing livestock numbers are generating strong demand. Domestic prices have been rising over the past month and could go high enough to make it profitable for major government grain bureaus to sell domestically. Some farmers have reportedly chosen to hold onto their stocks, raising the prospect of localized tightness. In the past, higher prices have induced the government to divert its stocks to the domestic market at the expense of subsidized exports.

Which Enhances Our Opportunity

In contrast, expectations of a near-record crop have caused U.S. prices to plummet in recent weeks, which makes us more competitive. Low prices are already encouraging Asian buyers to purchase more U.S. corn, and traders admit it might be feasible to cancel some Chinese forward contracts. That would increase our already expanding market share.

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